



LANGLEY & BANACK

INCORPORATED

ATTORNEYS AND COUNSELORS AT LAW

745 E MULBERRY AVE, STE 700 • SAN ANTONIO, TEXAS 78212
T 210.736.6600 • F 210.735.6889 • WWW.LANGLEYBANACK.COM

February 23, 2021

VIA E-MAIL

Ms. Carolina Ledesma
Licensing Manager – Southern District
OFFICE OF THE COMPTROLLER OF THE CURRENCY
500 North Akard Street
Suite 1600
Dallas, Texas 75201

**Re: Streamlined Business Combination Application
Lone Star Capital Bank, National Association
Charter No.: 23730**

Dear Ms. Ledesma,

This firm represents Lone Star Capital Bank, National Association, San Antonio, Texas (“*Lone Star*”), in connection with its planned acquisition of substantially all of the assets and assumption of substantially all of the liabilities of Business Bank of Texas, National Association, Austin, Texas (“*BBT*”), pursuant to 12 U.S.C. § 215a (the “*Acquisition*”). Enclosed herewith, please find the following documents:

1. Business Combination Application Checklist and Community Reinvestment Act Commitments;
2. Streamlined Business Combination Application (non-confidential section);
3. Draft public notice;
4. **CONFIDENTIAL EXHIBIT A**: Bank Merger Screen;
5. **CONFIDENTIAL EXHIBIT B**: HHI analysis;
6. **CONFIDENTIAL EXHIBIT C**: Executed Purchase and Assumption Agreement by and between Lone Star and BBT;
7. **CONFIDENTIAL EXHIBIT D**: Certified resolutions of the Board of Directors of Lone Star approving the Acquisition;
8. **CONFIDENTIAL EXHIBIT E**: Certified resolutions of the Board of Directors of BBT approving the Acquisition;
9. **CONFIDENTIAL EXHIBIT F**: Certified resolutions of the shareholders of BBT approving the Acquisition; and
10. **CONFIDENTIAL EXHIBIT G**: Pro forma balance sheet and regulatory capital schedule.

Notice of the pendency of the Acquisition will be published in San Antonio, Texas in the San Antonio Express News and in Austin, Texas in the Austin American Statesman in accordance with 12 C.F.R. § 5.8. Publisher's affidavits of both publications will be provided once received from the respective publications.

On behalf of Lone Star, we respectfully request expedited processing of the enclosed application pursuant to 12 C.F.R. §§ 5.33(i) and (j).

We respectfully request confidential treatment of items 4 through 10 identified above, which are marked as "**CONFIDENTIAL**" segregated from the non-confidential section. The information contained therein constitutes privileged and confidential commercial and financial information of Lone Star and BBT, which is proprietary in nature and/or confidential as a matter of law, and none of which is available to the public from any other source. Neither Lone Star nor BBT is presently required to disclose any such confidential information to the public. Lone Star is of the opinion that disclosure of such information to the public would result in substantial harm to its competitive position. Such information should, therefore, be considered exempt from disclosure pursuant to Section 552 of the Freedom of Information Act (5 U.S.C. § 552).

We also request that if the OCC should make a preliminary determination not to comply with the foregoing request for confidential treatment, Lone Star be given advance notice thereof sufficient to permit it to make an appropriate response as to why such information should remain confidential. If such information is the subject of a Freedom of Information Act request, or a request or demand for disclosure by any governmental agency, Congressional office or committee, court or grand jury, we request that the undersigned be furnished with a copy of all written materials pertaining to such request or demand, and that the OCC afford Lone Star sufficient advance notice of any intended release of any such information so that it may pursue available remedies.

Should you require additional information, or care to discuss this matter further, please feel free to contact me by telephone at (210) 253-7102 or by e-mail at btoppin@langleybanack.com.

Respectfully submitted,



Bruce E. Toppin, III

cc: Mr. Danny L. Buck
Lone Star Capital Bank, National Association

Enclosures: (10)

**BUSINESS COMBINATION APPLICATION
CHECKLIST AND COMMUNITY REINVESTMENT COMMITMENTS**

Checklist of Attached Information

- ✖ Format of Submission
 - ☐ Interagency Bank Merger Act Application or
 - ✖ Business Combination Application—Streamlined
 - ✖ Complete paper submission or ☐ combination paper and 3½ inch diskette submission. If the latter, the following should also be included: (1) a 3½ inch diskette; (2) a cover letter identifying the filer, the filing, the filename on the diskette, and the word processing program used; and (3) any original page(s) of the application or attachments requiring signatures.
- ✖ Copy of (a) the executed merger or transaction agreement, including any amendments, (b) any board of directors' resolutions related to the transaction, and (c) interim charter's Articles of Association, names of organizers, and related documents, if applicable.
- ✖ Request for confidentiality, if applicable
- ☐ Other corporate requests
- ☐ Filing fee

Specific Information for Streamlined Application (as appropriate)

- A. ✖ Authority for Filing Streamlined Submission
- B. ✖ Business Combination Application—Streamlined
 - ☐ List of branches that require branch authorization
- C. ✖ CRA Commitments
- D. ✖ Merger Screen

Specific Information for Standard Interagency Bank Merger Application (as appropriate)

- A. ☐ Interagency Bank Merger Act Application
 - ☐ Financial Information
 - ☐ Pro Forma Balance Sheet
 - ☐ Projected Combined Statement of Income
 - ☐ Pro Forma and Projected Regulatory Capital Schedule
 - ☐ List of Directors and Senior Executive Officers of the Resultant Institution
 - ☐ List of Branches that Require Branch Authorization
- B. ☐ CRA Commitments

C. ☐ Merger Screen

Desired Action Date

I/we desire OCC action on this application no later than **March 31, 2021**. I hereby certify that the bank's board of directors, by resolution, has authorized the filing of this application, and that to the best of my knowledge, it contains no misrepresentations or omissions of material facts. In addition, I agree to notify the OCC if the facts described in the filing materially change prior to receiving a decision.

Checklist Questions

Community Reinvestment Commitments

An applicant completing either the *Interagency Bank Merger Act Application* or the *Business Combination Application—Streamlined* must respond to the following two questions and, if applicable, provide the requested information.

1. Have any of the combining institutions entered into commitments with community organizations, civic associations, or similar entities to provide banking services to the community?
Yes ☐ No ☒

If the answer is yes, describe the commitment.

2. Will the resulting bank assume all the commitments described in the previous question?
Yes ☐ No ☐

If the answer is no, explain the reasons and describe the impact on the communities to be affected.

Competitive Factors - Removal from Expedited Processing

Although an application may initially qualify for expedited processing, it could be removed from expedited processing if there are competitive issues that warrant additional review. Each applicant that submits a Competitive Analysis for an unaffiliated business combination must answer the following questions:

1. Does the HHI for any relevant banking market increase by more than 200 points with a post-acquisition HHI of at least 1800?
Yes ☐ No ☒

2. Excluding markets in which the acquiring bank has 35 percent or more of the deposits, will the resulting bank have greater than 35 percent of the deposits in a relevant market?

Yes ☐ No ☒

A yes answer for either question indicates the application will be removed from expedited processing for additional competitive review.

Streamlined Business Combination Application

Checklist

Authority To File a Streamlined Submission

Check the following to certify the appropriateness of a streamlined submission. [NOTE: One or more must be checked to qualify for a streamlined submission. Otherwise, a complete “Interagency Bank Merger Act Application” is required.] National banks and federal savings associations are referred to collectively as “banks” unless otherwise noted.

- ☐ 1. The transaction is a business combination between eligible banks, or between an eligible bank and an eligible depository institution, that are controlled by the same holding company, or that will be controlled by the same holding company prior to the combination.
- ☐ 2. The transaction is a business combination between an eligible bank and an interim bank chartered in a transaction in which a person or group of persons exchanges its shares of the eligible bank for shares of a newly formed holding company and receives after the transaction substantially the same proportional share interest in the holding company as it held in the eligible bank (except for changes in interests resulting from the exercise of dissenters' rights), and the reorganization involves no other transactions involving the bank.
- ☒ 3. At least one party to the transaction is an eligible bank, and all other parties to the transaction are eligible banks or eligible depository institutions, the resultant bank will be well capitalized immediately following consummation of the transaction, and the total assets of the target institutions combined are no more than 50 percent of the total assets of the acquiring bank, as reported in each institution's Consolidated Report of Condition and Income filed for the quarter immediately preceding the filing of the application.
- ☐ 4. The acquiring bank is an eligible bank, the target is not an eligible bank or an eligible depository institution, the resultant bank will be well capitalized immediately following consummation of the transaction, and the applicants in a prefiling communication, request and obtain approval from the appropriate district office to use the streamlined application².
- ☐ 5. The acquiring bank is an eligible bank, the target bank is not an eligible bank or an eligible depository institution, the resultant bank will be well capitalized immediately following consummation of the transaction, and the total assets acquired do not exceed 10 percent of the total assets of the acquiring bank, as reported in each institution's Consolidated Report of Condition and Income filed for the quarter immediately preceding the filing of the application.

²Approval of the use of the streamlined process by the district office under standard 4 may not be used for a transaction that exceeds the size test in standard 3.

Checklist of Attached Information

- ☒ Request for confidentiality, if applicable
- ☐ Other corporate requests

Specific Information for Streamlined Application (as appropriate)

- ☒ Copy of the following documents:
 - ☒ Draft or, if available, executed merger or transaction agreement including any amendments
 - ☒ Any board of directors' resolutions related to the transaction
 - ☐ Interim charter's Articles of Association, or charter and bylaws, names of organizers, and related documents, if applicable
- ☒ Financial Information as of the end of the most recent quarter for the applicant, target, and resultant institution:
 - ☒ Balance sheet
 - ☒ Regulatory capital schedule
- ☐ Confirmation of the public notice publication, including a statement containing the name and address of the newspaper in which the notice was published and dates of publication.
- ☒ Merger Screen for combinations where the acquiring bank and target depository institution compete in any relevant geographic banking market.
- ☐ If applicable, confirmation that the resulting federal savings association meets the requirements of 12 USC 1464(c) and 1467a(m).

Desired Action Date

March 31, 2021

Streamlined Business Combination Application

Check all that apply:

Type of Filing	Form of Transaction	File Pursuant To
<input type="checkbox"/> Affiliate/Business Reorganization	<input type="checkbox"/> Merger	<input type="checkbox"/> 12 USC 1828(c)
<input type="checkbox"/> Combination with Interim Depository Institution	<input type="checkbox"/> Consolidation	<input type="checkbox"/> 12 USC 1815(a)
<input checked="" type="checkbox"/> Nonaffiliate Combination	<input checked="" type="checkbox"/> Purchase and Assumption	<input checked="" type="checkbox"/> 12 USC 215, 215a
<input type="checkbox"/> Other <input type="text"/>	<input type="checkbox"/> Purchase of Assets Only	<input type="checkbox"/> 12 USC 215a-1
	<input type="checkbox"/> Other <input type="text"/>	<input type="checkbox"/> 12 USC 215a-3
		<input type="checkbox"/> 12 USC 215c
		<input type="checkbox"/> Other <input type="text"/>

Applicant Depository Institution

Name	<input type="text" value="Lone Star Capital Bank, National Association"/>	Charter/Docket Number	<input type="text"/>
Street Address	<input type="text" value="150 North Loop 1604 East"/>		
City	<input type="text" value="San Antonio"/>	State	<input type="text" value="TX"/>
		Zip Code	<input type="text" value="78232"/>

Target Institution

Name	<input type="text" value="Business Bank of Texas, National Association"/>	Charter/Docket Number	<input type="text"/>
Street Address	<input type="text" value="1910 West Braker Lane, Suite 100, Building Three"/>		
City	<input type="text" value="Austin"/>	State	<input type="text" value="TX"/>
		Zip Code	<input type="text" value="78758"/>

Resultant Institution (if different than applicant)

Name	<input type="text" value="(Same as applicant)"/>	Charter/Docket Number	<input type="text"/>
Street Address	<input type="text"/>		
City	<input type="text"/>	State	<input type="text"/>
		Zip Code	<input type="text"/>

Contact Person:

Name	<input type="text" value="Bruce E. Toppin, III"/>	Title	<input type="text" value="Attorney"/>
Employer	<input type="text" value="Langley & Banack, Incorporated"/>		
Street Address	<input type="text" value="745 East Mulberry Avenue, Suite 700"/>		
City	<input type="text" value="San Antonio"/>	State	<input type="text" value="TX"/>
		Zip Code	<input type="text" value="78212"/>
Phone No.	<input type="text" value="(210) 253-7102"/>	Fax No.	<input type="text" value="(210) 735-6889"/>
E-mail	<input type="text" value="btoppin@langleybanack.com"/>		

Streamlined Business Combination Application

1. Are there any material aspects of the transaction (for example, financing arrangements) that are not reflected in the agreement, or any features (for example, structure and significant terms and conditions) that are not customary or usual in the agreement? ☒ Yes ☐ No

If the answer is yes, explain.

The transaction is structured as a purchase of substantially all of the Seller's assets and assumption of substantially all of the Seller's liabilities due to the fact that the Seller is engaged in ongoing litigation relating to a prior loan. Additionally, in connection with the purchase and assumption between Purchaser and Seller, immediately after consummation of the purchase and assumption transaction, Seller will merge with and into a newly-formed Texas corporation for the singular purpose of merging the Seller's national bank charter out of existence. Seller has filed a separate application with the OCC for approval of this merger transaction.

2. Are there any issues regarding the permissibility under applicable state or federal laws or regulations of the proposed transaction (for example, nonbank activities, branching, qualified thrift lender's test, investment in bank premises)? ☐ Yes ☒ No

If the answer is yes, describe the issues.

3. Will the applicant or resultant bank retain any nonconforming or impermissible assets or activities? ☐ Yes ☒ No

If the answer is yes, describe them, including the method of and anticipated time period for divestiture or disposal.

4. Does the applicant anticipate any significant changes in products or services, including fee increases or branch closings, that would result from the consummation of the proposed transaction? ☐ Yes ☒ No

If the answer is yes, list those changes, including the anticipated effect on the community to be served. If any products or services will be discontinued, branches will be closed, or fees increased, describe and explain reasons.

- 5a. Will the proposed transaction affect the applicant's ability to meet the existing or anticipated needs of its community(ies) under the applicable criteria of the Community Reinvestment Act (CRA), including the needs of low- and moderate-income geographies and individuals? ☐ Yes ☒ No

If the answer is yes, discuss the effect.

- 5b. Will the applicant's assessment area change? ☒ Yes ☐ No

If the answer is yes, describe the change.

Purchaser's assessment area will be expanded to include Travis County, Texas.

- 5c. At its most recent federal regulatory examination, did any of the combining institutions receive a ☐ Yes ☒ No CRA rating of "needs to improve" or "substantial noncompliance" institution-wide, or where applicable in a state or a multi-state MSA, or receive an evaluation of less than satisfactory performance in an MSA or in the non-MSA portion of a state in which the acquiring bank is expanding as a result of the consolidation?

If the answer is yes, describe what actions, if any, have been taken to redress deficiencies in the institution's CRA record of performance since the examination.

6. Is the transaction subject to the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994? ☐ Yes ☒ No

If the answer is yes, discuss authority; compliance with state age limits and host state(s) filing requirements; and applicability of nationwide and statewide concentration limits. In addition, discuss any other restrictions that the states seek to apply (including state antitrust restrictions).

7. Will any banking offices that have not been certified as banking offices by the OCC: (a) be established or retained as branches, including the main office, and branches of the target institution; (b) be approved, but unopened branch(es) of the target institution, including the date the current federal and state agencies granted approval(s); and (c) be retained as branches in the applicant's original home state in the event the applicant is relocating its main office to another state. ☐ Yes ☒ No

If the answer is yes, provide the popular name, street address, city, county, state, and ZIP Code for each location being established or retained, approved and unopened, retained in the applicant's original home state in the event the applicant is relocating its main office to another state.

8. Will the resultant bank acquire any subsidiaries with activities or investments not previously approved by the OCC for either the acquiring or target banks? ☐ Yes ☒ No

If the answer is yes, provide the information and analysis for the activities of each subsidiary or investment that would be required if it were established pursuant to 12 CFR 5.34, 5.36, 5.38, 5.39, or 5.58.

9. Will the resultant bank avoid any commitments entered into by any of the combining institutions with community organizations, civic associations, or similar entities to provide banking services to the community? ☐ Yes ☒ No

If the answer is yes, describe the commitment, explain the reasons for not assuming the commitment, and the effect on the relevant community.

10. Will the applicant be or become affiliated with a company engaged in insurance activities that is subject to supervision by a state insurance regulator as a result of the transaction? ☐ Yes ☒ No

If the answer is yes, provide:

a. The name of company.

b. A description of the insurance activity in which the company is engaged and plans to conduct.

c. A list of each state and the lines of business in that state in which the company holds, or will hold, an insurance license. Indicate the state where the company holds a resident license or charter, as applicable.

11. Provide a copy of (a) the draft or, if available, executed merger or transaction agreement, including any amendments; (b) any board of directors' resolutions related to the transaction; and (c) interim charter, names of organizers, and related documents, if applicable; and (d) a copy of the pro forma balance sheet and regulatory capital schedule. (See instructions for explanation of the information to include.)

Applicants for nonaffiliate transaction also must complete items 12 through 14.

12. Do the acquiring bank and target compete in any relevant geographic market (see [Bank Merger Screen](#))? ☒ Yes ☐ No

If the answer is yes,

- a. Does the HHI for any relevant banking market increase by more than 200 points with a post-acquisition HHI of at least 1800? ☐ Yes ☒ No
- b. Excluding markets in which the acquiring bank has 35 percent or more of the deposits, will the resultant bank have greater than 35 percent of the deposits in a relevant market? ☐ Yes ☒ No

A “yes” answer for either question will result in the application being removed from expedited processing for additional competitive review. In such circumstances, the applicant may consult the Competitive Review Appendix in the “Business Combinations” booklet of the *Manual* for guidance on addressing competitive issues or contact the appropriate OCC District Licensing office directly for specific instructions.

13. Does the proposed transaction involve a branch sale or any other divestiture of all or any portion of the bank or nonbank company, or any other action to mitigate competitive effects? ☐ Yes ☒ No

If the answer is yes, discuss the timing of the branch sale or divestiture, purchaser, and other specific information.

14. Will any management interlocking relationships (12 USC 3201-3208) exist following consummation? ☐ Yes ☒ No

If the answer is yes, describe the management interlocking relationship, including a discussion of the permissibility of the interlock for relevant laws and regulations.

CERTIFICATION

We hereby certify that our board of directors, by resolution, has authorized the filing of this application, and that to the best of our knowledge, it contains no misrepresentations or omissions of material facts. In addition, we agree to notify the agency if the facts described in the filing materially change prior to receiving a decision or prior to consummation. Any misrepresentation or omission of a material fact constitutes fraud in the inducement and may subject us to legal sanctions provided by 18 USC 1001 and 1007.

We acknowledge that approval of this application is in the discretion of the appropriate federal banking agency. Actions or communications, whether oral, written, or electronic, by an agency or its employees in connection with this filing, including approval of the application if granted, do not constitute a contract, either express or implied, or any other obligation binding upon the agency, other federal banking agencies, the United States, any other agency or entity of the United States, or any officer or employee of the United States. Such actions or communications will not affect the ability of any federal banking agency to exercise its supervisory, regulatory, or examination powers under applicable law and regulations. We further acknowledge that the foregoing may not be waived or modified by any employee or agent of a federal banking agency or of the United States.

Date Signed

February 9, 2021

Lone Star Capital Bank, NA by
(Applicant)


(Signature of Authorized Officer)¹

Danny L. Buck

(Typed Name)

President and Chief Executive Officer

(Title)

Business Bank of Texas, NA by
(Target)

(Signature of Authorized Officer)¹

Mary T.D. Winters

(Typed Name)

President and Chief Executive Officer

(Title)

¹ In multiple-step combinations, applicants should ensure that authorized officers of the combining institutions sign.

CERTIFICATION

We hereby certify that our board of directors, by resolution, has authorized the filing of this application, and that to the best of our knowledge, it contains no misrepresentations or omissions of material facts. In addition, we agree to notify the agency if the facts described in the filing materially change prior to receiving a decision or prior to consummation. Any misrepresentation or omission of a material fact constitutes fraud in the inducement and may subject us to legal sanctions provided by 18 USC 1001 and 1007.

We acknowledge that approval of this application is in the discretion of the appropriate federal banking agency. Actions or communications, whether oral, written, or electronic, by an agency or its employees in connection with this filing, including approval of the application if granted, do not constitute a contract, either express or implied, or any other obligation binding upon the agency, other federal banking agencies, the United States, any other agency or entity of the United States, or any officer or employee of the United States. Such actions or communications will not affect the ability of any federal banking agency to exercise its supervisory, regulatory, or examination powers under applicable law and regulations. We further acknowledge that the foregoing may not be waived or modified by any employee or agent of a federal banking agency or of the United States.

Date Signed

February 9, 2021

Lone Star Capital Bank, NA by
(Applicant)

(Signature of Authorized Officer)¹

Danny L. Buck

(Typed Name)

President and Chief Executive Officer

(Title)

Business Bank of Texas, NA by
(Target)

Mary T.D. Winters

(Signature of Authorized Officer)¹

Mary T.D. Winters

(Typed Name)

President and Chief Executive Officer

(Title)

¹ In multiple-step combinations, applicants should ensure that authorized officers of the combining institutions sign.

PUBLIC NOTICE

Notice is given that application has been made to the Comptroller of the Currency, 500 North Akard Street, Suite 1600, Dallas, Texas 75201, for consent to purchase substantially all of the assets and assume substantially all of the liabilities of

Business Bank of Texas, National Association
Austin, Texas 78758

by

Lone Star Capital Bank, National Association
San Antonio, Texas 78232

It is contemplated that the main offices and branch offices of the above-named banks will continue to operate, except that the main office of Business Bank of Texas, National Association, located at 1910 West Braker Lane, Suite 100, Building Three, Austin, Texas 78758, will become a branch location of Lone Star Capital Bank, National Association.

This notice is published pursuant to 12 U.S.C. § 215a and 12 C.F.R. Part 5. Anyone may submit written comments on this application by March [●], 2021 to: Director of District Licensing, 500 North Akard Street, Suite 1600, Dallas, Texas 75201.

The public file is available for inspection in the district office during regular business hours. Written requests for a copy of the public file on the application should be sent to the Director of District Licensing.

February [●], 2021 Business Bank of Texas, National Association, Austin, Texas
Lone Star Capital Bank, National Association, San Antonio, Texas